

(2) Each malfunction and repair of the surveillance system as defined in this section; and

(3) Activities performed by surveillance agents as required by the controls in this section.

[77 FR 58712, Sept. 21, 2012, as amended at 78 FR 63875, Oct. 25, 2013]

§ 543.22 [Reserved]

§ 543.23 What are the minimum internal control standards for audit and accounting?

(a) *Conflicts of standards.* When establishing SICS, the gaming operation should review, and consider incorporating, other external standards such as GAAP, GAAS, and standards promulgated by GASB and FASB. In the event of a conflict between the MICS and the incorporated external standards, the external standards prevail.

(b) *Accounting.* Controls must be established and procedures implemented to safeguard assets and ensure each gaming operation:

(1) Prepares accurate, complete, legible, and permanent records of all transactions pertaining to gaming revenue and activities for operational accountability.

(2) Prepares general accounting records on a double-entry system of accounting, maintaining detailed, supporting, subsidiary records, and performs the following activities:

(i) Record gaming activity transactions in an accounting system to identify and track all revenues, expenses, assets, liabilities, and equity;

(ii) Record all markers, IOU's, returned checks, held checks, or other similar credit instruments;

(iii) Record journal entries prepared by the gaming operation and by any independent accountants used;

(iv) Prepare income statements and balance sheets;

(v) Prepare appropriate subsidiary ledgers to support the balance sheet;

(vi) Prepare, review, and maintain accurate financial statements;

(vii) Prepare transactions in accordance with the appropriate authorization, as provided by management;

(viii) Record transactions to facilitate proper recording of gaming revenue

and fees, and to maintain accountability of assets;

(ix) Compare recorded accountability for assets to actual assets at periodic intervals, and take appropriate action with respect to any variances;

(x) Segregate functions, duties, and responsibilities;

(xi) Prepare minimum bankroll calculations; and

(xii) Maintain and preserve all financial records and relevant supporting documentation.

(c) *Internal audit.* Controls must be established and procedures implemented to ensure that:

(1) Internal auditor(s) perform audits of each department of a gaming operation, at least annually, to review compliance with TICS, SICS, and these MICS, which include at least the following areas:

(i) Bingo, including supervision, bingo cards, bingo card sales, draw, prize payout; cash and equivalent controls, technologic aids to the play of bingo, operations, vouchers, and revenue audit procedures;

(ii) Pull tabs, including, supervision, pull tab inventory, pull tab sales, winning pull tabs, pull tab operating funds, statistical records, and revenue audit procedures;

(iii) Card games, including supervision, exchange or transfers, playing cards, shill funds, reconciliation of card room bank, posted rules, and promotional progressive pots and pools;

(iv) Gaming promotions and player tracking procedures, including supervision, gaming promotion rules and player tracking systems;

(v) Complimentary services or items, including procedures for issuing, authorizing, redeeming, and reporting complimentary service items;

(vi) Patron deposit accounts and cashless systems procedures, including supervision, patron deposit accounts and cashless systems, as well as patron deposits, withdrawals and adjustments;

(vii) Lines of credit procedures, including establishment of lines of credit policy;

(viii) Drop and count standards, including supervision, count room access, count team, card game drop standards, player interface and financial instrument drop standards, card game count